

Approved For Release 1

1 of 1
8226/74

2009/09/29 :

CIA-RDP85T00875R00150015

Approved For Release

2009/09/29 :

CIA-RDP85T00875R00150015

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Economic Intelligence Weekly

Secret

CIA No. 8226/74
30 October 1974

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ECONOMIC INTELLIGENCE WEEKLY

30 October 1974

INDUSTRIAL NATIONS

Developed Countries: Industrial Slump Deepens; Output in seven leading countries has weakened progressively in 1974, with no upturn in sight. [] see page 1.)

25X1 **The EC Agreement** to float a Community loan of \$3 billion to help finance oil bills is only a token gesture toward meeting members' financial needs. Further EC loans require the unanimous approval of the Council, as well as parliamentary approval in a number of member states, including West Germany. Bonn will look closely at any future requests. []

25X1 **West Germany** registered an \$18 billion trade surplus in the first nine months of this year. For the entire year the trade surplus will probably exceed \$23 billion, the largest in the industrialized West. []

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AGRICULTURE

World Food Conference: Colliding Views: The most controversial proposals involve the setting up of global grain reserves. [] see page 4.)

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World Rice Prospects Tighten; An appreciable increase in production is hardly likely in 1974/75. [] see page 10.)

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India: Search for Grain Continues: New Delhi now has arranged for 5 million of the 6 million tons of minimum imports needed for the government distribution system in FY 1975. [] see page 10.)

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USSR: New Round of Grain Purchases; The Soviets have bought more than 5 million tons of grain for delivery in FY 1975 and reportedly are still in the market. []

[] see page 7.)

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Eastern Europe: Harvest Held Up; Heavy rains have slowed harvesting in Czechoslovakia, Hungary, and Yugoslavia. [] see page 10.)

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INTERNATIONAL MARKETS

The Dollar continued to decline against most major currencies last week. Indications that short-term dollar interest rates would continue to decline remain the major factor in the downward trend. European joint float currencies gained from 0.5% to nearly 1% against the dollar. The Swiss franc, buoyed by the lifting last Monday of the interest ban on foreign deposits, gained more than 1%. []

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Iron Ore Exporters to Organize; India, Algeria, and Venezuela are ringleaders in an effort to boost ore prices. [] see page 11.)

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Copper Prices on the LME ranged between 59.8 and 61.4 cents a pound last week in a lackluster market. Weekend news from the United States of lower prime interest rates more than offset the negative influence of higher LME stocks, however, and copper opened this week at 63.2 cents a pound. The price of tin rebounded from its low of \$3.07 a pound last week to \$3.29 on Monday. Zinc and lead prices held steady at 36.5 cents and 24.2 cents a pound, respectively. []

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DEVELOPING COUNTRIES

Kuwait: Oil Revenue and Investment Flows in 1974; The mounting oil revenues will be invested largely in the United States as the Eurodollar market is loaded up with petrodollars. [] see page 6.)

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African Countries now are receiving Arab funds to assist them in meeting higher oil costs. Uganda, Tanzania, and Liberia have signed agreements enabling them to begin using credits from an Arab Fund for Africa, set up in January with a capital of \$200 million. []

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COMMUNIST COUNTRIES

Canton Fair Attendance Lags; As a result of economic problems at home and disappointment with the spring fair, foreign businessmen have come to Canton in fewer numbers this fall. [] see page 11.)

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Soviet Fears of Inflation Groundless; The worldwide inflation so far has helped the Soviet trade balance with

hard currency countries and is having minimal impact on the domestic economy. [] see page 8.) 25X1

USSR: Diesel Truck Plant Postponed; The rescheduling of construction of the Krasnoyarsk plant will cut sales of US automobile-making equipment. [] see page 11.)

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PUBLICATION OF INTEREST

India: The Foodgrain Outlook Through 1985 (See page 12.)

COMPARATIVE INDICATORS

Recent Data Concerning Internal Economic Activities (See page A-1.)

Recent Data Concerning External Economic Activities (See page A-2.)

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Articles

DEVELOPED COUNTRIES: INDUSTRIAL SLUMP DEEPENS

Industrial growth in the seven leading developed countries has weakened progressively in 1974. In August, for the first time in four years, their combined monthly output fell below the year-earlier level.

- The downturn is most pronounced in Japan, where industrial output was 3% lower in July and August than a year earlier.
- After showing no growth for many months, West German output has now slipped below the 1973 level.
- British production also is down compared with 1973, though not so much in recent months as in the first half, when oil and coal were in short supply.
- Industrial growth rates in France and Canada, while holding up better, have nonetheless weakened.

Rapid inflation, tight credit, and depressed confidence have hurt production of both consumer items and capital goods. Sales of consumer durables, especially automobiles, have been hit particularly hard. Unemployment in Western Europe has risen more than 15% above the average level of 1973.

Production almost certainly will remain in the doldrums well into 1975. Consumer demand will weaken further as unemployment edges up. Business investment will lose strength with the shrinking of profits. Industrial exports are vulnerable because of the worldwide economic slowdown.

Even if the countries soon switch to expansionary policies, industrial production will remain depressed because of the swollen inventories. In Japan, for example, the ratio of inventories to shipments of finished goods has jumped by 50% since January and a recent survey in France shows that a growing number of businessmen think inventories are abnormally high.

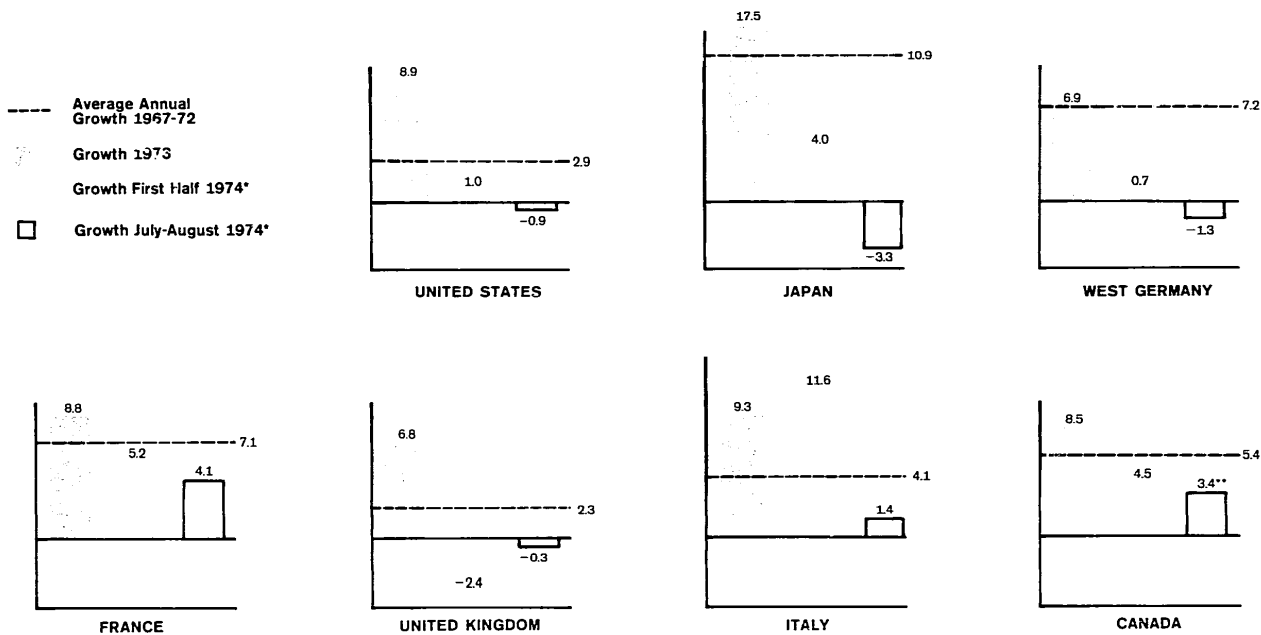
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Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed. They may be directed

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Developed Countries: Percent Change in Industrial Growth Rates*



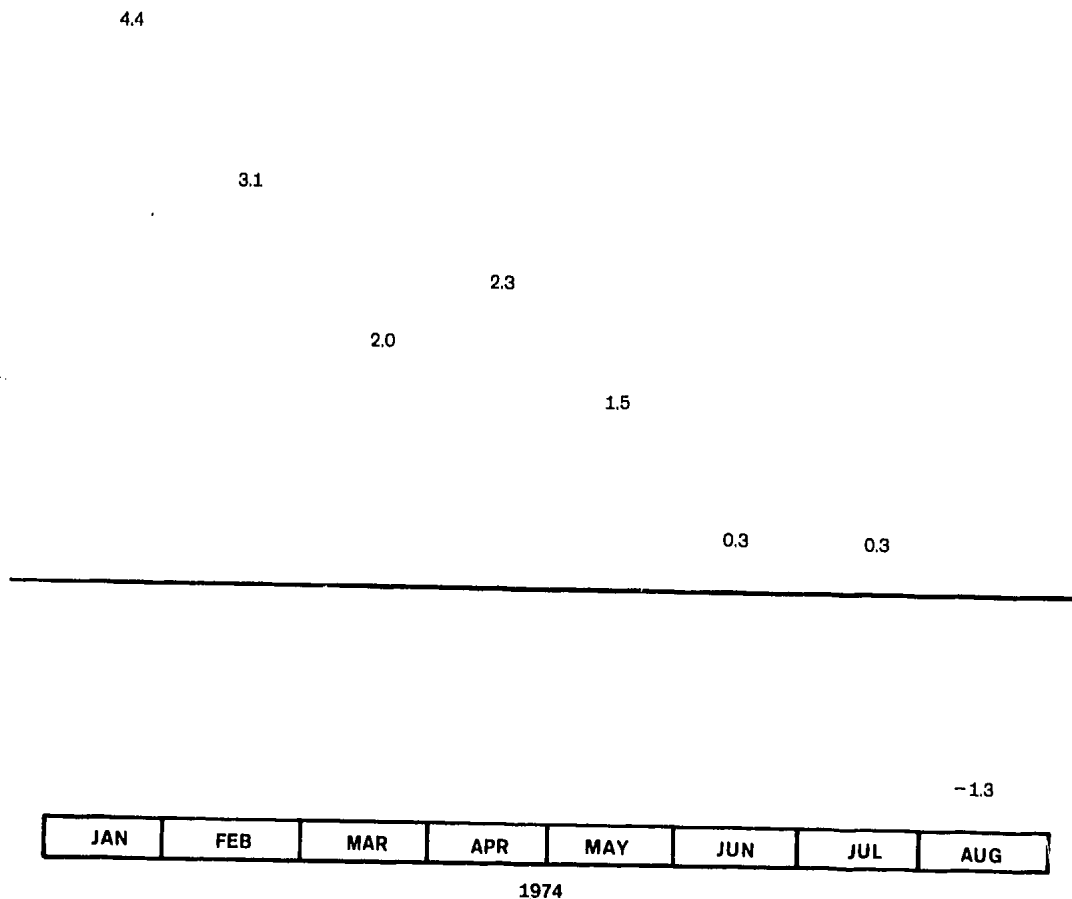
*Figures for January-June and July-August show the change from the comparable period in 1973.

**Estimated.

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Developed Countries: Recent Industrial Performance* **Percent Change From Same Month in 1973**



*Included are Canada, France, Italy, Japan, United Kingdom, United States, and West Germany. Figures for individual countries are weighted by industrial output in 1973, valued at 1971 prices and converted to dollars at average 1973 exchange rates.

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WORLD FOOD CONFERENCE: COLLIDING VIEWS

The UN World Food Conference convenes next week in Rome in an atmosphere of insecurity about world food supplies and contention over what should be done.

Global grain production has fallen for the second time in three years, and stocks have been drawn down to a post-WWII low. High prices for grain and fertilizers are beggaring the LDCs. Mounting food deficits are forecast for the developing countries. These developments induced the UN General Assembly last December to take up the US suggestion for a global food conference.

Preparatory sessions brought general agreement that the Conference should focus on three major issues:

- boosting food production in developing countries,
- developing programs to improve nutrition, and
- devising a World Food Security scheme that includes grain stocks for emergency use, for regular food aid programs, and for shortfalls in export availabilities.

Grain Reserve Proposals

Success of the Conference will depend largely on how highly controversial proposals on food security are resolved. FAO Director General Addeke Boerma of the Netherlands has proposed a coordinated system of nationally owned reserve stocks of grain in developed and developing countries. An international group would decide on release of these stocks to mitigate serious food shortages and help stabilize prices.

The United States has floated a proposal that stresses availability of supplies rather than price stabilization; calls for participation by the USSR, which is not an FAO member; sharply limits the number of countries that will initially negotiate on the scheme; and provides for a governing body such as the international Wheat Council, which operates outside the framework of FAO.

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The US proposal has evoked several criticisms:

- LDCs believe that they will not be properly represented in a small forum,
- several observers say it is unrealistic to expect the USSR to participate, and
- the EC and Japan want more emphasis on price stabilization.

The Conference probably will approve some compromise between the two proposals. Regardless of the nature of the compromise, two or three years of good crops will be needed before world grain reserves would be sufficient to appreciably enhance world food security.

Food Aid Programs

The LDCs -- with some support from the EC -- will push hard for multiyear food-aid programs for the most needy countries. The US government, though sympathetic to the concept, cannot commit funds for long-term programs under normal budget procedures. Major grain producers have reservations about providing 10 million tons of grain annually under an international food-aid program, as Boerma has proposed.

Other Measures

Various proposals aimed at boosting food production and improving nutrition in the developing countries will require more money than is now available through international organizations. In support of new programs, the Secretary-General of the Conference, Sayed A. Marei of Egypt, is lobbying for an annual agricultural development fund of \$1 billion, financed equally by developed countries and the oil producers. The fund would be administered by a World Food Council, a followup group proposed by Marei to carry out Conference recommendations.

Such a fund, strongly favored by the LDCs and China, may be established in spite of opposition from a number of developed countries. Chances are good that OPEC countries would agree to match funds obtained from the developed countries.

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KUWAIT: OIL REVENUE AND INVESTMENT FLOWS IN 1974

Kuwaiti oil receipts will exceed \$6 billion in the second half of 1974, or five times first-half revenues. The current account surplus will jump to an estimated \$5.8 billion, compared with less than \$1 billion in the first half. Whereas Kuwait has traditionally invested in the United Kingdom, much of its new surplus funds are moving in increasing volume to the United States.

Kuwait: Estimated Oil Receipts, 1974

| | Billion US \$ | | | | |
|---|---------------|------------|------------|------------|------------|
| | 1st Qtr | 2d Qtr | 3d Qtr | 4th Qtr | Total |
| Total | 0.5 | 0.7 | 3.5 | 2.6 | 7.3 |
| Receipts, excluding retro-active payments | 0.5 | 0.7 | 1.3 | 1.8 | 4.3 |
| Retroactive payments | | | 2.2 | 0.8 | 3.0 |

The dramatic increase in second-half oil receipts reflects traditional lags in payments for equity oil and delayed company payments for government-owned oil. Royalties and taxes are generally paid at the end of the month following the calendar quarter the oil is lifted. Thus, the impact of the January price increase was not reflected until April's payments. Concessionaires were also allowed to delay payment on participation oil because of uncertainties surrounding the timing and terms of the final agreement. A \$1.9 billion lump sum retroactive payment was made during July. Regular payments for participation oil began in September, with the remaining retroactive payments apparently being distributed through the rest of the year.

Kuwait: Provisional Balance of Payments, 1974

| | Million US \$ | |
|--------------------------------------|----------------------|-----------------------|
| | Estimated First Half | Projected Second Half |
| Export receipts | 1,500 | 6,400 |
| Oil | 1,200 | 6,100 |
| Non-oil | 300 | 300 |
| Import payments (f.o.b.) | 700 | 800 |
| Trade balance | 800 | 5,600 |
| Net services | 100 | 200 |
| Current account balance ¹ | 900 | 5,800 |

1. Excluding unilateral transfers.

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Kuwait should have little problem managing its growing wealth. Its investment institutions and financial managers are the most sophisticated in the Middle East. The bulk of the funds will be handled by the Minister of Finance with three public-private investment companies -- the Kuwait Investment Company, the Kuwait Foreign Trading Contracting and Investment Company, and the Kuwait International Investment Company -- also playing an active role.

At the beginning of 1974, a substantial part of official reserves and private holdings consisted of sterling assets. This concentration reflected longstanding economic and political ties with the United Kingdom, the continuing influence of British financial experts and institutions, and the high proportion of oil revenues received in sterling. Kuwait is now following a more diversified investment policy.

Kuwaiti investment in the United States is soaring. By the end of the third quarter, it topped \$2 billion, more than three times the value at the end of the second quarter. Continuing concern over the ability of the Eurodollar market to absorb additional petrodollars will probably ensure a substantial flow of Kuwaiti funds into the United States during the present quarter.

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USSR: NEW ROUND OF GRAIN PURCHASES

In the past month, the Soviet Union has purchased more than 5 million tons of wheat and corn for delivery in FY 1975 and reportedly is still in the market. This amount -- together with the 850,000 tons carrying over from the preceding fiscal year -- compares with 12-1/2 million tons imported in FY 1974 and 24 million tons in FY 1973.

USSR: New Grain Purchases for Delivery in FY 1975

| Supplier | Thousand Tons | |
|---|---------------|--------------|
| | Wheat | Corn |
| Total | 3,425 | 1,905 |
| United States | 1,200 | 1,000 |
| Australia | 1,000 | ... |
| Argentina | 625 | 855 |
| | | |

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The Soviets began the new round of buying in mid-September in Argentina -- moving in early October to the United States, where they were frustrated in buying all the corn that they wanted. They subsequently have bought wheat from Australia and are rumored to be closing additional grain deals with Canada, Thailand, France, and Sweden.

The purchases began just as the grain harvest in the USSR was ending. The harvest was slowed by poor weather, with the corn crop apparently below expectations. Unofficial Soviet estimates of the total crop have ranged from 190 million to 210 million tons. Our estimate is 195 million tons, 5 million to 15 million short of domestic requirements and export commitments.

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SOVIET FEARS OF INFLATION GROUNDLESS

Recently expressed Soviet concern over the impact of double-digit world inflation on the Soviet economy is unfounded, given the high degree of self-sufficiency and central control.

Soviet Concern

As part of the widening exchange of views under detente, Soviet economists have recently been more open in expressing their concern over the negative impact that global inflation might have on the USSR. At a joint US-USSR symposium in September, several Soviet speakers departed from the traditional view that inflation is a "capitalist malady," presenting little or no danger to Communist states. They pointed out that the need to import grain at high world prices strains the Soviet policy of keeping retail prices for basic food products at fixed levels. They noted also that increasing subsidies are required to cover differences between the import and domestic prices of machinery and equipment.

This concern over world inflation stems largely from their realization of the deepening interdependence among the world's economies. The past isolation of the USSR is being breached by rising commercial intercourse with the West -- trade was up 59% in 1973 -- and by long-term pressures to align domestic prices with costs, including costs of imports. Purchases of Western equipment and technology -- especially for the chemical and electronics industries -- have increased sharply.

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Furthermore, fulfillment of Soviet plans to increase the supply of meat depends on the availability of large supplies of foreign grain in years of poor harvests.

Effects Exaggerated

We feel that these economists overstate the effects of global inflation on the USSR. As a huge continental economy with tremendous natural resources, the USSR can satisfy most of its needs internally. The worldwide inflation thus affects the prices of only a small fraction of the machinery being introduced into industry and the grain going to the consumer.

Indeed, the inflation so far has proved to be a net advantage to the USSR. The prices of major Soviet exports -- gold, oil, and other primary products -- have risen even more sharply than import prices. The Soviets are now enjoying a turnaround in their hard currency balance of trade -- from a deficit of \$1.75 billion in 1973 to a surplus of between \$1 billion and \$1.5 billion in 1974. This advantage may be eroded by future inflation, however, as the prices of manufactures are continuing to rise rapidly while the worldwide downturn in economic activity is depressing the prices of some raw materials.

Domestic Inflation

The world inflation is having minimal impact on internal Soviet budgetary and economic affairs. Central control over foreign trade, foreign exchange, and budgetary subsidies insulates the domestic economy from much of the impact of international price movements. Nonetheless, some inflationary pressure does occur in the USSR as wage increases typically outstrip the availability of consumer goods. The extra rubles have been absorbed partly by growing savings deposits and partly by hidden and overt increases in prices. Hidden increases often take the form of eliminating the less expensive product lines. Sales of meat and consumer durables have been particularly susceptible to this form of "creeping inflation."

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Notes

World Rice Prospects Tighten

An appreciable increase in the world rice crop in 1974/75 is not in the cards, because of unfavorable weather, particularly in Asia, where 90% of the rice is grown. This recent conclusion by the UK Commonwealth Secretariat is consistent with a current USDA forecast of a 1% decrease in the world rice crop from the 1973/74 record of 310 million tons. Another record crop is needed to rebuild world stocks depleted by the Asian drought of 1972. Reduced world supplies and sharply increased demand for US rice have resulted in a 5% rise in US export prices. (Unclassified)

India: Search for Grain Continues

Arrangements since mid-September push scheduled FY 1975 grain imports to 5 million tons compared with the 6 million tons needed to keep the government's grain distribution system operating at a barely acceptable level. Recent developments:

- The EC is to provide 1 million tons of wheat, including 300,000 tons as aid.
- The United States has authorized negotiations for 300,000 tons of wheat under PL-480.
- US traders have sold 500,000 tons of American wheat.
- New Delhi has sufficient foreign exchange to purchase an additional one million tons or more of grain.

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Eastern Europe: Harvest Held Up

Early last week, heavy rain caused flooding in parts of Czechoslovakia, Hungary, and Yugoslavia – further slowing an already late harvest. Although the rains slackened by the end of the week, more flooding is likely in the three countries and possibly in parts of Poland too. The area forecast predicts rain two days out of three through the end of next week. In a last-ditch effort to beat the coming frosts, all available labor has been pushed into the harvest of corn, sugar beets, and potatoes.

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Canton Fair Attendance Lags

At the recently opened fall Canton Fair, prices are generally lower, more Chinese goods are available, and negotiations are proceeding more expeditiously than at the 1974 spring fair. As a result of economic problems at home and disappointment with the spring fair, however, foreign businessmen have been arriving in Canton in fewer numbers and with limited buying power. The US contingent is about the same size as at the spring fair and again is largely made up of import firms. Several major US firms including Burroughs, 3M, Coca-Cola, and Kodak are exploring the long-term trade potential with China. The Chinese have reiterated their interest in doing business with US firms, while reminding businessmen of the importance of most-favored-nation status for US-China trade.

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Iron Ore Exporters to Organize

Approximately 16 nations, which account for 40% of world iron ore production and 75% of exports, will meet in Geneva next week to form an organization to boost prices. India, Algeria, and Venezuela – leading proponents of the organization – want ore prices to keep abreast of recent large increases in steel prices. They favor the use of production and export quotas. Canada, Sweden, and Australia are undecided on joining such an organization; they take a comparatively moderate stand on questions of pricing and access to mineral resources. Brazil, investing heavily to expand iron ore exports, prefers a nongovernmental organization to avoid confrontation with importing countries.

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USSR: Diesel Truck Plant Postponed

The heavy diesel truck plant planned for Krasnoyarsk in 1976-80 has been rescheduled for 1981-85

The postponement will slash Soviet purchases of US automotive equipment in 1976-80 -- formerly expected to total several hundred million dollars. The delay probably is especially disappointing to General Motors, which has made several proposals for the Krasnoyarsk project during the past three years.

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Publication of Interest*

India: The Foodgrain Outlook Through 1985

(ER RP 74-22, October 1974,)

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The Indian government has the resources to implement agricultural policies that would promote self-sufficiency in foodgrains by 1985. In the past, however, New Delhi has usually adopted short-term crash programs, which run out of steam with the first good harvests. If current agricultural policies continue, by 1985 the gap between production and demand will fall between 8 million and 14 million tons.

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INTERNAL ECONOMIC INDICATORS

GNP*

Constant Market Prices

| | Percent Change | | Average Annual Growth Rate Since | | |
|----------------|----------------|-----------------------|----------------------------------|----------------|------------------|
| | Latest Quarter | from Previous Quarter | 1970 | 1 Year Earlier | Previous Quarter |
| United States | 74 III | -0.7 | 3.2 | -2.3 | -2.9 |
| Japan | 74 II | 0.6 | 5.7 | -3.3 | 2.4 |
| West Germany | 74 II | -0.7 | 3.1 | 1.1 | -2.9 |
| France | 73 IV | 1.7 | -3.6 | 6.0 | 7.0 |
| United Kingdom | 74 I | -3.5 | 1.9 | -4.4 | -13.3 |
| Italy | 73 IV | 1.9 | 3.7 | 5.3 | 7.7 |
| Canada | 74 II | 0 | 5.7 | 4.9 | 0 |

WHOLESALE PRICES

Industrial

| | Percent Change | | Average Annual Growth Rate Since | | |
|----------------|----------------|---------------------|----------------------------------|----------------|------------------|
| | Latest Month | from Previous Month | 1970 | 1 Year Earlier | 3 Months Earlier |
| United States | Sep 74 | 0.8 | 9.8 | 27.9 | 28.5 |
| Japan | Sep 74 | 0.1 | 11.1 | 30.7 | 9.5 |
| West Germany | Sep 74 | 0.3 | 8.9 | 14.7 | 7.3 |
| France | Aug 74 | -0.7 | 12.4 | 30.3 | -2.5 |
| United Kingdom | Sep 74 | 1.5 | 11.5 | 25.7 | 19.9 |
| Italy | Jul 74 | 2.5 | 16.3 | 47.1 | 24.2 |
| Canada | Jul 74 | 2.0 | 11.2 | 24.6 | 12.2 |

INDUSTRIAL PRODUCTION*

| | Percent Change | | Average Annual Growth Rate Since | | |
|----------------|----------------|---------------------|----------------------------------|----------------|--------------------|
| | Latest Month | from Previous Month | 1970 | 1 Year Earlier | 3 Months Earlier** |
| United States | Sep 74 | 0.3 | 4.0 | -1.0 | -0.2 |
| Japan | Sep 74 | 0.2 | 5.2 | -6.9 | -13.5 |
| West Germany | Aug 74 | 0 | 2.5 | -3.8 | -7.9 |
| France | Aug 74 | 0 | 6.2 | 4.1 | 12.4 |
| United Kingdom | Aug 74 | 1.2 | 2.9 | 1.2 | 7.5 |
| Italy | Aug 74 | -4.8 | 3.6 | -0.6 | 0 |
| Canada | Jul 74 | -0.8 | 5.8 | 1.9 | -5.6 |

CONSUMER PRICES

| | Percent Change | | Average Annual Growth Rate Since | | |
|----------------|----------------|---------------------|----------------------------------|----------------|------------------|
| | Latest Month | from Previous Month | 1970 | 1 Year Earlier | 3 Months Earlier |
| United States | Sep 74 | 1.1 | 6.6 | 12.1 | 13.7 |
| Japan | Sep 74 | 1.6 | 11.7 | 23.8 | 19.1 |
| West Germany | Sep 74 | 0.3 | 6.1 | 7.3 | 2.9 |
| France | Aug 74 | 0.8 | 8.2 | 14.5 | 13.4 |
| United Kingdom | Sep 74 | 1.1 | 10.4 | 17.1 | 8.7 |
| Italy | Aug 74 | 2.1 | 10.3 | 20.5 | 28.9 |
| Canada | Sep 74 | 0.6 | 6.7 | 10.9 | 9.7 |

RETAIL SALES*

Current Prices

| | Percent Change | | Average Annual Growth Rate Since | | |
|----------------|----------------|---------------------|----------------------------------|----------------|--------------------|
| | Latest Month | from Previous Month | 1970 | 1 Year Earlier | 3 Months Earlier** |
| United States | Sep 74 | -1.2 | 9.7 | 8.6 | 17.8 |
| Japan | May 74 | 4.7 | 13.0 | 15.9 | -1.7 |
| West Germany | Jun 74 | -1.5 | 7.7 | 2.0 | 1.5 |
| France | May 74 | 6.2 | 8.5 | 18.1 | 1.3 |
| United Kingdom | Jun 74 | 3.3 | 11.9 | 14.7 | 8.3 |
| Italy | Apr 74 | 0.9 | 17.4 | 27.0 | 34.0 |
| Canada | Aug 74 | 2.7 | 12.9 | 19.4 | 24.9 |

MONEY SUPPLY*

| | Percent Change | | Average Annual Growth Rate Since | | |
|----------------|----------------|---------------------|----------------------------------|----------------|--------------------|
| | Latest Month | from Previous Month | 1970 | 1 Year Earlier | 3 Months Earlier** |
| United States | Sep 74 | 0.1 | 5.8 | 5.8 | 2.2 |
| Japan | Jun 74 | 1.6 | 17.9 | 15.7 | 17.6 |
| West Germany | Aug 74 | 0.8 | 9.1 | 9.6 | 10.9 |
| France | Jun 74 | 1.3 | 12.7 | 10.7 | 15.6 |
| United Kingdom | Sep 74 | -0.4 | 8.5 | 2.4 | 5.1 |
| Italy | Jan 74 | 0.1 | 20.7 | 22.7 | 22.5 |
| Canada | Aug 74 | -0.7 | 12.3 | 7.3 | 0 |

MONEY-MARKET RATES

| | Representative Rates | | Percent Rate of Interest | | | |
|----------------|----------------------|--------------------------------|--------------------------|------------------|-----------------|-------|
| | Latest Date | | 1 Year Earlier | 3 Months Earlier | 1 Month Earlier | |
| United States | Oct 23 | Dealer-placed finance paper | 9.38 | 7.75 | 11.45 | 10.93 |
| Japan | Oct 9 | Call money | 12.50 | 8.75 | 12.90 | 13.00 |
| West Germany | Oct 23 | Interbank loans (3 Months) | 9.70 | 14.31 | 9.20 | 9.46 |
| France | Oct 9 | Call money | 13.13 | 11.13 | 14.00 | 13.75 |
| United Kingdom | Oct 23 | Sterling interbank loan (3 mo) | 11.49 | 12.62 | 13.39 | 11.76 |
| Canada | Oct 23 | Finance paper | 10.85 | 8.97 | 11.53 | 11.19 |
| Euro-Dollars | Oct 23 | Three-month deposits | 10.65 | 9.58 | 13.31 | 11.60 |

*Seasonally adjusted.

**Average for latest 3 months compared with average for previous 3 months.

30 October 1974

Office of Economic Research/CIA

Note: US data provided by US government agencies

EXTERNAL ECONOMIC INDICATORS

EXPORTS*

f.o.b.

| t.o.b. | Latest Month | | Cumulative | | |
|----------------|--------------|---------------|---------------|--------|----------------|
| | | Million US \$ | Million US \$ | | Percent Change |
| | | | 1974 | 1973 | |
| United States | Sep 74 | 8,280 | 71,575 | 50,428 | 41.9 |
| Japan | Sep 74 | 4,492 | 38,857 | 25,796 | 50.6 |
| W.st Germany | Sep 74 | 7,247 | 65,851 | 48,743 | 35.1 |
| France | Sep 74 | 4,015 | 34,313 | 26,657 | 28.7 |
| United Kingdom | Sep 74 | 3,295 | 26,898 | 21,148 | 26.2 |
| Italy | Aug 74 | 2,464 | 19,026 | 13,533 | 40.6 |
| Canada | Aug 74 | 2,871 | 21,021 | 16,329 | 28.7 |

EXPORT PRICES

US\$

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since | | |
|----------------|--------------|------------------------------------|----------------------------------|----------------|------------------|
| | | | 1970 | 1 Year Earlier | 3 Months Earlier |
| | | | Month | Month | Month |
| United States | Sep 74 | 0.7 | 12.8 | 29.9 | 30.7 |
| Japan | Sep 74 | 0.5 | 15.9 | 23.8 | -1.3 |
| West Germany | Aug 74 | -0.6 | 14.8 | 13.4 | -3.3 |
| France | Jun 74 | 2.5 | 14.7 | 11.5 | 33.5 |
| United Kingdom | Jul 74 | 1.7 | 13.5 | 25.4 | 30.4 |
| Italy | May 74 | 1.9 | 13.6 | 30.8 | 74.7 |
| Canada | May 74 | 1.4 | 14.7 | 43.2 | 55.2 |

IMPORTS*

f.o.b.

| To.b. | Latest Month | | Cumulative | | |
|----------------|--------------|---------------|---------------|--------|----------------|
| | | Million US \$ | Million US \$ | | Percent Change |
| | | | 1974 | 1973 | |
| United States | Sep 74 | 8,520 | 73,922 | 50,491 | 46.4 |
| Japan | Sep 74 | 4,087 | 39,483 | 22,737 | 73.6 |
| West Germany | Sep 74 | 5,433 | 47,852 | 37,050 | 29.2 |
| France | Sep 74 | 4,229 | 37,386 | 25,006 | 46.0 |
| United Kingdom | Sep 74 | 4,174 | 35,643 | 24,341 | 46.4 |
| Italy | Aug 74 | 3,173 | 24,337 | 15,140 | 60.7 |
| Canada | Aug 74 | 2,860 | 20,590 | 14,884 | 38.3 |

EXPORT PRICES

National Currency

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since | | |
|----------------|--------------|------------------------------------|----------------------------------|----------------|------------------|
| | | | 1970 | 1 Year Earlier | 3 Months Earlier |
| | | | Month | Month | Month |
| United States | Sep 74 | 0.7 | 12.8 | 29.9 | 30.7 |
| Japan | Sep 74 | -0.4 | 11.0 | 39.7 | 23.6 |
| West Germany | Aug 74 | 2.0 | 5.8 | 22.6 | 24.8 |
| France | Jun 74 | 3.3 | 11.1 | 28.5 | 42.5 |
| United Kingdom | Jul 74 | 1.6 | 13.6 | 33.3 | 29.6 |
| Italy | May 74 | 1.3 | 13.9 | 40.2 | 52.3 |
| Canada | May 74 | 0.7 | 12.2 | 37.3 | 44.7 |

TRADE BALANCE*

f.o.b./f.o.b.

| | Latest Month | Cumulative (Million US \$) | | | |
|----------------|--------------|----------------------------|--------|--------|--------|
| | | Million US \$ | 1974 | 1973 | Change |
| | Sep 74 | -233 | -2,347 | -63 | -2,284 |
| Japan | Sep 74 | 405 | -626 | 3,059 | -3,684 |
| West Germany | Sep 74 | 1,814 | 17,999 | 11,692 | 6,306 |
| France | Sep 74 | -214 | -3,073 | 1,051 | -4,125 |
| United Kingdom | Sep 74 | -879 | -8,945 | -3,193 | -5,752 |
| Italy | Aug 74 | -709 | -5,311 | -1,607 | -3,704 |
| Canada | Aug 74 | 11 | 432 | 1,445 | -1,014 |

IMPORT PRICES

National Currency

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since | | |
|----------------|--------------|------------------------------------|----------------------------------|----------------|------------------|
| | | | 1970 | 1 Year Earlier | 3 Months Earlier |
| | | | Month | Month | Month |
| United States | Sep 74 | -0.2 | 12.8 | 54.3 | 22.0 |
| Japan | Sep 74 | -0.5 | 10.8 | 75.6 | 4.3 |
| West Germany | Aug 74 | 3.1 | 7.5 | 35.3 | 23.0 |
| France | Jun 74 | 0.0 | 15.6 | 61.5 | 37.0 |
| United Kingdom | Jul 74 | 0.4 | 21.3 | 57.1 | 17.9 |
| Italy | May 74 | 0.3 | 25.5 | 85.5 | 45.3 |
| Canada | May 74 | 4.7 | 11.0 | 30.4 | 62.8 |

BASIC BALANCE**

Current and Long-Term-Capital Transactions

| | Latest Period | | Cumulative (Million US \$) | | |
|-----------------|---------------|---------------|----------------------------|--------|--------|
| | | Million US \$ | 1974 | 1973 | Change |
| | | | | | |
| United States * | 74 II | -2,740 | -954 | -2,164 | 1,210 |
| Japan | Sep 74 | 160 | -9,099 | -8,674 | -2,425 |
| West Germany | Aug 74 | -424 | 4,558 | 5,817 | -1,259 |
| France | 73 IV | -475 | N.A. | -2,472 | N.A. |
| United Kingdom | 74 I | 84 | 84 | -1,033 | 1,117 |
| Italy | 74 I | -2,037 | -2,037 | 975 | -3,012 |
| Canada | 74 I | -195 | -195 | -228 | 33 |

EXCHANGE RATES

As of 25 Oct 74

| | US \$ Per Unit | Spot Rate | Percent Change from | | | |
|---------------------------------|----------------|-----------|---------------------|-------------|-------------|-------------|
| | | | Dec 66 | 18 Dec 1971 | 19 Mar 1973 | 18 Oct 1974 |
| | | | Month | Month | Month | Month |
| Japan (Yen) | 0.0033 | 20.70 | 2.56 | -12.44 | -0.30 | |
| West Germany (Deutsche Mark) | 0.3887 | 54.61 | 25.27 | 9.77 | 0.05 | |
| France (Franc) | 0.2127 | 5.35 | 8.02 | -3.49 | 0.57 | |
| United Kingdom (Pound Sterling) | 2.3330 | -16.40 | -10.46 | -5.20 | 0.02 | |
| Italy (Lira) | 0.0015 | -6.25 | -12.73 | -15.20 | 0.33 | |
| Canada (Dollar) | 1.0188 | 10.23 | 1.90 | 1.91 | -0.11 | |

OFFICIAL RESERVES

| | Billion US \$ | | | | |
|----------------|---------------|---------------|----------|----------------|------------------|
| | Latest Month | | Jun 1970 | 1 Year Earlier | 3 Months Earlier |
| | End of | Billion US \$ | | | |
| United States | Sep 74 | 15.9 | 14.5 | 12.9 | 14.9 |
| Japan | Sep 74 | 13.2 | 4.1 | 14.8 | 13.4 |
| West Germany | Sep 74 | 32.8 | 8.8 | 35.3 | 34.2 |
| France | Sep 74 | 8.6 | 4.4 | 11.2 | 8.2 |
| United Kingdom | Sep 74 | 7.2 | 2.8 | 6.4 | 6.7 |
| Italy | Jun 74 | 5.3 | 4.7 | 6.0 | 6.7 |
| Canada | Sep 74 | 5.8 | 4.3 | 5.7 | 6.1 |

TRADE-WEIGHTED EXCHANGE RATES***

As of 25 Oct 74

| | Spot Rate | Percent Change from | | | |
|----------------|-----------|---------------------|-------------|-------------|-------------|
| | | Dec 66 | 18 Dec 1971 | 19 Mar 1973 | 18 Oct 1974 |
| | | Month | Month | Month | Month |
| United States | -14.47 | -5.19 | 1.40 | -0.02 | |
| Japan | 12.35 | -1.16 | -12.97 | -0.36 | |
| West Germany | 31.12 | 14.11 | 9.07 | -0.33 | |
| France | -16.63 | -3.27 | -5.73 | 0.28 | |
| United Kingdom | -35.47 | -21.21 | -6.78 | -0.18 | |
| Italy | -28.45 | -27.08 | -20.13 | 0.06 | |
| Canada | 7.75 | 1.18 | 2.82 | -0.13 | |

*Seasonally adjusted.

**Converted into US dollars at current market rates of exchange.

***Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.